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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicants	James J. Turk, *et al.*
Serial No. 09/340,566	Filing Date: June 28, 1999
Title of Application:	Electronic Cash Eliminating Payment Risk
Confirmation No. 4066	Group Art Unit: 3623
Examiner	Jeanty, Romain

Mail Stop Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Substitute Appeal Brief Under 37 CFR §41.37

Dear Sir:

A Notice of Appeal from the final rejection of Claims 12, 13 and 15, all pending claims, of U.S. Patent Application No. 09/340,566 was filed on August 16, 2005. Applicant accordingly files its appeal brief in connection with its appeal. A Claims Appendix is submitted herewith, as are Appendices related to evidence previously submitted and decisions related to the case.

Certificate of Mailing: I hereby certify that this correspondence is today being deposited with the U.S. Postal Service as FIRST CLASS MAIL, postage prepaid, in an envelope addressed to: Mail Stop Appeal Brief – Patents; Commissioner for Patents; P.O. Box 1450; Alexandria, VA 22313-1450.

December 28, 2005 Tamara L. Millikan

(i) Real Party in Interest

The real party in interest is GM Network Limited, assignee of the patent application.

(ii) Related Appeals and Interferences

There are co-pending appeals of the following related cases:

Reexamination No. 90/006,351 (which is a reexamination of U.S. Patent No. 5,671,364); and

Reexamination No. 90/006,352 (which is a reexamination of U.S. Patent No. 5,983,207).

(iii) Status Of Claims

Claims 12, 13 and 15, all pending claims of the present application, stand rejected and are the subject of the instant Appeal. A copy of each of these claims is attached hereto in the Claims Appendix.

(iv) Status Of Amendments

There are no pending or unentered Amendments.

(v) Summary Of Claimed Subject Matter

The present invention, as claimed, is directed to a computer implemented, fungible precious metal backed, currency system which includes an "emint" which electronically creates "ecoins" in a variety of weights. (see Paragraphs [00033], [00088] and [00101] and Figure 2). Each "ecoin" (referred to in Claim 12 as an "electronic data file") includes information embedded in it comprising: a unique serial number, the weight (denominated in either grams or ounces or other physical measurement) of the fungible precious metal (usually gold) that it represents and which has been deposited at secure facilities, the date that the "ecoin" was created, and a digital signature for authenticating the "ecoin". (see Paragraphs [00031]-[00033], [00088]-[00091] and

[00099]-[00102] and Figure 3). The currency system is 100% backed, meaning that a total amount of fungible precious metal represented by an aggregate of the "ecoins" is no greater than the quantity of fungible precious metal stored in secure facilities. (see Paragraphs [00041], [00042], [00064]-[00067], [00083], [00084] and [00101], Table No. 1 and Table No. 3).

By employing such a system, payment risk is eliminated. Payment risk arises in conventional banking systems where a financial institution accepts deposits, then, in turn, loans out that money to others. This is known as "fractional banking," in that the financial institution only keeps on hand a fraction of the actual assets it is holding for the account of its depositors. If the financial institution fails due to bad loans or fraud, the financial institution lacks sufficient assets to pay off its depositors. This practice has historically lead to significant losses in connection with financial institution failures. A related payment risk arises due to the fluctuating value of national currencies due to inflation and currency exchange rate variations dependent on the economy of the nation issuing the currency. Thus, there is a risk incurred by accepting national currencies. (see Paragraphs [00003]-[00017], [00055]-[00061] and [00084]).

(vi) Grounds Of Rejection To Be Reviewed On Appeal

Claims 12, 13 and 15 stand rejected under 35 U.S.C. §103(a) as being unpatentable over Mori (U.S. Patent No. 4,932,485) in view of Dialog (Taxation: Commission Plans Common Vat for Gold).

(vii) Argument

The Examiner's rejection under 35 U.S.C. §103(a) is improper because Mori is not a properly cited reference in that it is not prior art analogous to the subject matter with which the present invention, as claimed, is concerned.

Moreover, even if Mori were a properly cited reference, the Examiner's rejection under 35 U.S.C. §103(a) is still improper because neither Mori nor Dialog discloses, teaches or suggests in any way: (i) identifying an amount of fungible precious metal represented by an electronic data file and storing the identified amount as part of the electronic data file, the identified amount being no greater than a deposit of the fungible precious metal having been previously received at a secure facilities; (ii) identifying a date associated with the electronic data file, the date indicating the date when the electronic data file was created, and storing the date as part of the electronic data file; and/or (iii) creating a digital signature for authenticating the electronic data files, and storing the digital signature as part of the electronic data files. A fair reading of the disclosures of the cited references simply does not disclose or suggest the claimed invention, whether the cited references are considered individually or whether they are considered in combination.

The Cited Art

Mori discloses an electronic scale device which measures weight of an item and calculates a price of the item by multiplying the weight of the item by a unit price of the item, and a printing device for printing out item data, including the weight of the item and the price of the item, on a label paper or a receipt paper. The electronic scale device includes a memory device for storing member-customer data including customer name, customer address, and total amount eligible for rebate based on total purchase amount, the member-customer data being read from the memory device by inputting customer-identification data. The electronic scale device also includes a calculating device for calculating rebate data, including rebate amount or a number of points for rebate, based on the total amount eligible for rebate, and a printer control device for controlling the printing device to print out at least one data set including the customer name and the customer address, and a second data set, including the rebate data, on a receipt paper or a label paper.

Dialog discusses an October 28, 1992 proposal by the European Commission concerning how certain types of gold may be taxed. Specifically, the proposal announces that the European Commission proposed a "zero" value added tax (VAT) rate for gold used for financial purposes and a "standard" VAT rate for gold used for industrial purposes. As part of the definition of "financial gold", Dialog explains that "financial gold" is gold that may be represented by certificates ("certificate gold") or may be gold deposited in accounts ("account gold").

Patentability of the Claims

Mori, the main reference cited by the Examiner, relates to an electronic scale device which measures weight of an item, calculates a price of the item and prints out item data on a piece of paper. The present invention, as claimed, on the other hand, relates to a computer program product for use in conjunction with a commodity-based system for conducting financial transactions. Applicant respectfully submits that Mori is not a properly cited reference.

It is well-settled that "[i]n order to rely on a reference as a basis for rejection of an applicant's invention, the reference must either be in the field of applicant's endeavor or, if not, then be reasonably pertinent to the particular problem with which the inventor was concerned." *In re Oetiker*, 977 F.2d 1443, 1446, 24 USPQ2d 1443, 1445 (Fed. Cir. 1992). See also *In re Deminski*, 796 F.2d 436, 230 USPQ 313 (Fed. Cir. 1986); *In re Clay*, 966 F.2d 656, 659, 23 USPQ2d 1058, 1060-61 (Fed. Cir. 1992) ("A reference is reasonably pertinent if, even though it may be in a different field from that of the inventor's endeavor, it is one which, because of the matter with which it deals, logically would have commended itself to an inventor's attention in considering his problem."); *Wang Laboratories Inc. v. Toshiba Corp.*, 993 F.2d 858, 26 USPQ2d 1767 (Fed. Cir. 1993); and *State Contracting & Eng'g Corp. v. Condotte America, Inc.*, 346 F.3d 1057,

1069, 68 USPQ2d 1481, 1490 (Fed. Cir. 2003) (where the general scope of a reference is outside the pertinent field of endeavor, the reference may be considered analogous art if subject matter disclosed therein is relevant to the particular problem with which the inventor is involved).

In the present case, Applicant respectfully submits that what amounts to a scale one would find on the counter of a deli (note Figure 2 of Mori) can not in any way even be argued to be in the same field of endeavor as a computer implemented, fungible precious metal backed, currency system. Nor can it be argued that the deli scale art would, because of the matter with which it deals, logically have commended itself to Applicant's attention in considering his problem.

Applicant was attempting to develop an electronic currency system in which payment risk associated with fractional banking and the fluctuating value of national currencies is eliminated. As such, it can be expected that Applicant would have turned to prior art relating to currency systems, banking systems, payment systems and other systems for extinguishing debt, financial instrument trading systems, and various other systems along the same lines. However, Applicant respectfully submits that one in Applicant's shoes, facing the problems he was attempting to solve when developing the claimed invention, would certainly not have consulted, nor could he reasonably have been expected to consult, the deli scale art. Simply stated, the field of endeavor to which Mori relates is so far removed from the Applicant's field of endeavor, and the problems facing the Applicant are so unrelated to those with which the deli scale art is concerned, that it would be completely unreasonable to expect one in Applicant's shoes to have directed his attention to the deli scale art when considering the problem he was facing.

Moreover, even if Mori's field of endeavor could somehow be considered as being analogous, the device disclosed in Mori (essentially a deli scale) is completely

different than the present invention as claimed (a computer implemented, fungible precious metal backed, currency system). As such, it is not surprising that Mori does not disclose, teach or suggest in any way numerous of the elements required by all pending claims.

More specifically, Mori does not disclose, teach or suggest in any way identifying an amount of the fungible precious metal represented by an electronic data file and storing the identified amount as part of said electronic data file, the identified amount being no greater than a deposit of the fungible precious metal having been previously received at the secure facilities. Mori is simply concerned with a PLU (price look-up) file which specifies item data, such as unit price, term of validity, item code, total weight, total price and item name for an item, and a customer file which specifies customer-related information, such as customer name, customer address, total purchase amount, price eligible for rebate, rebate, number of rebate points and the like. There is no disclosure, teaching or suggestion in Mori of identifying an amount of a fungible precious metal represented by an electronic data file, which amount is no greater than a deposit amount having been previously received at the secure facilities, and storing the identified amount in the electronic data file.

The Examiner makes a vague reference to Column 4, Lines 25-29 of Mori as disclosing the above-identified elements of Claim 12, apparently equating the "total weight" of an item stored as part of a PLU data file with the entire "identifying" step of Claim 12, which step requires:

> identify an amount of the fungible precious metal represented by said electronic data file and store the identified amount as part of said electronic data file, the identified amount being no greater than a deposit of the fungible precious metal having been previously received at the secure facilities, whereby a total amount of fungible precious metal represented by the plurality of electronic data files is no greater than the quantity of fungible precious metal stored in the secure facilities;

The Examiner then goes on to apparently dismiss many of the requirements of this step by asserting that many of the differences between this claim element and Mori "are only found in the nonfunctional descriptive material and are not functionally involved in the steps recited." However, the Examiner does not disclose the basis for this assertion.

Initially, Applicant points out that the step in question requires "identifying an amount of fungible precious metal *represented by* said electronic data file." Thus, what is required is that the electronic data file represents a given amount of some material (in this case, fungible precious metal). This allows users of the system to exchange various amounts of the precious metal by exchanging the electronic data files (i.e., "ecoins") with one another, the data files *representing* a particular amount of precious metal. In contrast, the PLU file of Mori merely *describes* an item, including the total weight thereof. The PLU file itself does not *represent a given amount of* the item. This is consistent with the purpose and operation of the device disclosed in Mori (i.e., an electronic scale device), wherein it would make no sense for the PLU file to *represent* a given amount of an item.

Moreover, Applicant respectfully disagrees with the Examiner's assertion that many of the differences between the "identifying" step claim element and Mori are only found in "nonfunctional descriptive material". For example, the requirement of "the identified amount being no greater than a deposit of the fungible precious metal having been previously received at the secure facilities" is a real and functional limitation requiring that the amount identified in the electronic data file have a specific relationship to the amount of fungible precious metal having been previously received at the "at least one deposit site having secure facilities for storage of a quantity of fungible precious metal", which deposit site is previously recited in the claim. This is a real limitation, functionally relating various other limitations in the claim, and not merely a description of data in a nonfunctional way which does not relate to other claimed elements.

With further respect to the requirement of "the identified amount being no greater than a deposit of the fungible precious metal having been previously received at the secure facilities", the Examiner acknowledges that this limitation is not disclosed in Mori. However, the Examiner cites Dialog as disclosing this limitation, stating that "However, it is well known to have gold depository accounts. Dialog discloses such well-known feature since the account in Dialog would reflect the owner's amount of gold held in the account and since these banks hold plural accounts, the individual amount and the total amount of gold indicated in the account file would not be more than what is physically on deposit at the bank." While Applicant acknowledges that Dialog does disclose that gold depository accounts were known in the prior art, Applicant respectfully disagrees that Dialog discloses, teaches or suggests that the "certificate gold" and/or the "account gold" mentioned are 100% backed currency systems (i.e., where the amount of gold represented by a form of currency is no greater than an amount of gold previously received at a secure facilities).

With respect to the "certificate gold" teaching of Dialog, although such can be considered to be a form of currency, a fundamental element of the claimed invention – the elimination of payment risk by not issuing any value in excess of the value of the inventory of the precious metal - is not disclosed, taught or suggested. There is absolutely no disclosure, teaching or suggestion in Dialog that an inventory of gold equal to the total amount of issued certificates is kept in secure storage, and historically, such has not been the case when gold certificates have been circulated. Thus, while a gold certificate could be redeemed for an amount of gold equal in value to the gold certificate, an amount of gold equal to the value of all issued gold certificates was historically not held at a secure facility. If all holders of all gold certificates were to attempt to redeem their certificates for gold at the same time, there would not be enough gold being held in secure facilities to meet the demand -- the gold certificates historically were not 100% backed.

As such, the "certificate gold" teaching of Dialog does not explicitly, or even implicitly, satisfy the requirement that the identified amount of fungible precious metal represented by an electronic data file be no greater than a deposit of the fungible precious metal having been previously received at a secure facility. The concept of an *electronic currency* designed to eliminate payment risk by not issuing any value of currency in excess of the value of the inventory of the valuable commodity is not obvious in view of Dialog. Moreover, even if the "certificate gold" eliminated payment risk in the same way as contemplated by the claimed invention, it still would not be obvious to create an *electronic currency* based on gold to create a new financial transaction system, and certainly not an electronic currency satisfying all elements of the Claims at issue.

With respect to the "account gold" teaching of Dialog, such can not even be considered to be a form of currency, whether in electronic form or otherwise. In such a system, gold is merely held in deposit accounts, similar to the way money is held in a savings account. Although there would typically be some type of bookkeeping system involved, which system may be in electronic form, such a system would not involve "identifying an amount of fungible precious metal *represented by* said electronic data file", as is required by all claims. This is true because an "account gold" system is not designed to be one where parties use the gold as a currency, trading the gold amongst themselves to extinguish debts. As such, it would not be obvious to create an *electronic currency* based on gold to create a new financial transaction system simply because gold depository accounts are known.

Moreover, it is well settled that the mere fact that references can be combined or modified does not render the resultant combination obvious *unless the prior art also suggests the desirability of the combination or modification. In re Mills*, 916 F.2d 680, 16 U.S.P.Q.2d 1430 (Fed. Cir. 1990). Applicant respectfully submits that there is no

disclosure, teaching or suggestion whatsoever either in Mori or Dialog themselves, or within the knowledge of one skilled in the art, which would suggest to combine the two references. The two references, one relating to a PLU (price look-up) file which specifies item data, and a customer file which specifies customer-related information, and the other of which relates to strategies for taxing industrial gold and financial gold, have absolutely nothing to do with each other, and there is no suggestion that the two should, or even could, be combined.

Both Mori and Dialog are concerned with systems/methods which are not only completely different than the claimed invention, but which are also completely different than and unrelated to one another. Applicant respectfully submits that even when read to the broadest reasonable extent, neither Mori nor Dialog individually discloses, teaches or suggests in any way identifying an amount of fungible precious metal represented by an electronic data file and storing the identified amount as part of said electronic data file, the identified amount being no greater than a deposit of the fungible precious metal having been previously received at the secure facilities. Nor does a combination of the two references disclose or render obvious these same missing elements (even if the combination were proper).

In addition, Mori does not disclose, teach or suggest in any way *identifying a date associated with an electronic data file*, the date indicating the date when the electronic data file was created, and storing the date as part of said electronic data file. There would simply be no reason to identify the date either of the PLU or the customer file disclosed in Mori had been created. It should be noted that the Examiner completely ignores this limitation in all previous Office Actions citing Mori, and for this reason alone, Applicant respectfully submits that the Examiner has failed to make a *prima facie* showing of unpatentability.

Similarly, there is absolutely no disclosure, teaching or suggestion in Mori to *create a digital signature for authenticating the electronic data files*, and store the digital signature as part of the electronic data files. As is explained in detail in the specification of the current application, the digital signatures comprise security measures which are implemented to ensure that counterfeit "ecoins" are not fraudulently created. Again, however, Mori is concerned with a PLU (price look-up) file and a customer file, neither of which comprises sensitive material. As such, there would be no reason to implement a digital signature technique so as to prevent counterfeiting with the system of Mori. Again, it should be noted that the Examiner completely ignores this limitation in all previous Office Actions citing Mori, and for this reason alone, Applicant respectfully submits that the Examiner has failed to make a *prima facie* showing of unpatentability.

Conclusion

In view of the above, it is submitted that the claimed invention would not have been obvious to a person of ordinary skill in the art at the time of the invention thereof. Accordingly, for all of the foregoing reasons, the rejection of claims 12, 13 and 15 should be reversed, and it is respectfully requested that the Examiner be directed to issue a Notice of Allowance allowing these claims.

Respectfully submitted,

December 28, 2005



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Claims Appendix
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12. A computer program product for use in conjunction with a commodity-based system for conducting financial transactions, the system including at least one deposit site having secure facilities for storage of a quantity of fungible precious metal, said computer program product embodied on computer-readable medium and comprising code that, when executed on a computer, causes the computer to perform the following steps:

create an electronic data file having a unique serial number associated therewith, and store said electronic data file as one of a plurality of electronic data files;

identify an amount of the fungible precious metal represented by said electronic data file and store the identified amount as part of said electronic data file, the identified amount being no greater than a deposit of the fungible precious metal having been previously received at the secure facilities, whereby a total amount of fungible precious metal represented by the plurality of electronic data files is no greater than the quantity of fungible precious metal stored in the secure facilities;

identify a date associated with said electronic data file, said date indicating the date when said electronic data file was created, and store the date as part of said electronic data file;

create a digital signature for authenticating said electronic data file, and store the digital signal as part of said electronic data file.

13. A computer program product in accordance with claim 12 wherein said computer data are digital data.

15. A computer program product in accordance with claim 12 wherein said precious metal comprises gold.

Evidence Appendix
to Substitute Appeal Brief Under 37 CFR §41.37
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No evidence of any kind, including evidence submitted under 37 CFR 1.130, 1.131 or 1.132, has been entered by the Examiner and relied upon by Appellant in the appeal.

Decisions Appendix
to Substitute Appeal Brief Under 37 CFR §41.37
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There have been no decisions rendered by a court or the Board in the proceedings identified in the Related Appeals and Interferences section of the Brief.